

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

ANNUAL COMPLIANCE REVIEW, 2013

Docket No. ACR2013

RESPONSES OF THE UNITED STATES POSTAL SERVICE TO
QUESTIONS 1-5 OF CHAIRMAN'S INFORMATION REQUEST NO. 7

The United States Postal Service hereby provides its responses to the above-listed questions of Chairman's Information Request No. 7, issued on February 14, 2014. Each question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Pricing & Product Support

Eric P. Koetting

475 L'Enfant Plaza, S.W.
Washington, D.C. 20260-1137
(202) 277-6333
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1. The FY 2013 Comprehensive Statement on Postal Operations, at page 54 and the FY 2013 Form 10-K statement at pages 43-44 discuss total factor productivity. Please provide all supporting workpapers for the FY 2013 Total Factor Productivity.

RESPONSE:

Please see the Excel file ChIR.7Q.1.TFP.2013.Tables.xls, attached to this response electronically.

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2. In response to CHIR No. 1, question 2, the Postal Service identified the data source used to prepare the workhour measurements as shown in the Form 10-K statement at page 30 as the National Workhour Report. Please provide this report, and all supporting workpapers, for the workhour measurements by Labor Distribution Code (LDC) for FY 2013 and FY 2012.

RESPONSE:

In the attached spreadsheet (ChIR.7.Q.2.NatWorkhourRpt.xls), the National Workhour Report for the Fiscal Year Ended September 30, 2013 has been supplemented to show the calculations of the subtotals and totals by function in columns G to I to provide additional detail on the functional descriptions provided in response to CHIR No. 1, question 2. This file includes workhours for FY2011, FY2012, and FY2013.

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3. As part of its Annual Compliance Determination, the Commission produces Appendix A, which is an empirical review of the price cap calculations using both a backward-weighted index and a forward-weighted index. In conducting this review, the Commission uses historical volume data to calculate the change in rates across various time periods. On January 22, 2012, the Postal Service implemented the market dominant rate adjustments approved in Docket No. R2012-3. As part of that docket, the Postal Service made numerous classification changes. The following questions inquire as to the availability of data concerning volumes of mail affected by some of those classification changes.
 - a. In the First-Class Presort Letters/Postcards product, the Postal Service changed the first weight increment from one to two ounces. See Order No. 987 at 14-17.
 - i. Please provide, by quarter, the last three quarters of FY 2012 and the first quarter of FY 2013, the volume of First-Class Presort Letters and First-Class Presort Postcards by ounce.
 - ii. Has the Postal Service performed an analysis of how the volume of First-Class Presort Letters and First-Class Presort Postcards containing more than one ounce changed following the classification change? If so, please provide this analysis, by quarter.
 - b. In the Special Services Class, the Postal Service made a number of classification changes. See Order No. 987 at 47-50.
 - i. The Postal Service exempted qualifying Full-Service Intelligent Mail barcode pieces from mailing fees for First-Class Package Service and Parcel Select Lightweight matter entered at a DDU, DSCF or a DNDC location. Please provide, by quarter, the last three quarters of FY 2012 and the first quarter of FY 2013, the number of pieces that qualified for an exemption from mailing fees.
 - ii. The Postal Service exempted orders consisting solely of stamped cards with a printed return address from paying the Stamp Fulfillment Services fee. Please provide, by quarter, the number of orders that qualified for an exemption from mailing fees.

RESPONSE:

- .a. i & ii. The Postal Service does not have data that show the actual split between one-ounce and two-ounce pieces. The following shows the data with all pieces under

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two ounces in one category. The Postal Service has tried to estimate the data requested by the Commission, but the estimation methodology employed to produce these data is limited in its ability to split out the one and two ounce weight increments. The methodology employed in the analysis of First-Class Mail ounce increments relies on price differentials between ounce increments. While the methodology can measure the volume of pieces in the aggregate of one and two ounce pieces, it is unable to accurately disaggregate volumes of identically priced cells.

Once the two-ounce price became equal to the one-ounce price, both the mailers and Bulk Mail Entry Unit personnel were not concerned about the accurate recording of one-ounce and two-ounce mailings separately because there was no price or revenue impact of differentiating between one-ounce and two-ounce pieces. The Postal Service therefore has not been able to determine the impact of the classification change that changed the first weight increment from one to two ounces.

First-Class Mail Presort Letters & Cards by ounce increments (000)				
Qtr2 FY2012	0 to 2 Ounce	2 to 3 Ounce	3 to 4 Ounce	Total
Presort Letters	10,400,561	40,571	3,959	10,445,092
Presort Cards	647,499			647,499
Qtr3 FY2012	0 to 2 Ounce	2 to 3 Ounce	3 to 4 Ounce	Total
Presort Letters	9,739,094	31,619	2,875	9,773,588
Presort Cards	676,351			676,351
Qtr4 FY2012	0 to 2 Ounce	2 to 3 Ounce	3 to 4 Ounce	Total
Presort Letters	9,507,564	29,526	2,264	9,539,355
Presort Cards	593,523			593,523
Qtr1 FY2013	0 to 2 Ounce	2 to 3 Ounce	3 to 4 Ounce	Total
Presort Letters	9,941,233	33,201	4,418	9,978,852
Presort Cards	644,412			644,412

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b. i. First-Class Package Service and Parcel Select Lightweight are parcel products, and therefore cannot be entered as Full-Service Intelligent Mail barcode pieces. As a result, no pieces qualified for an exemption from mailing fees.

b. ii. The numbers of Personalized Stamped Cards that were sold by quarter are presented below. These orders were not subject to the Stamp Fulfillment Services fee.

	<i>Box of 1000</i>	<i>Box of 250</i>
FY2012, Quarter 2	0	0
FY2012, Quarter 3	0	0
FY2012, Quarter 4	0	2
FY 2013, Quarter 1	1	20
Total	1	22

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4. In Docket No. ACR 2012, in response to CHIR No. 1, question 10, the Postal Service provided a table showing the distribution of FY 2012 mailing fees for market dominant mail categories. Please provide the FY 2013 market dominant mail fees distributed to the list of mail categories shown in Excel file CHIR_No.7_Attachement_A.xls, worksheet "MD Distribution." In doing so, please provide all underlying calculations and source workpapers.

RESPONSE:

Please see the Excel file ChIR7.Q4.Fees.xls, attached to this response, for the distributed fee revenues. Please see the Excel file ChIR7.Q4.Calculations.xls, also attached to this response, for the underlying calculations.

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5. In Docket No. ACR 2012, in response to CHIR No. 1, question 11, the Postal Service provided a table showing the distribution of FY 2012 mailing fees for competitive mail. Please provide the FY 2013 competitive mailing fees distributed to the list of mail categories provided in the Excel file CHIR_No.7.Attachment_A.xls, worksheet "Competitive Distribution." In doing so, please provide all underlying calculation and source workpapers.

RESPONSE:

Please see the Excel file ChIR7.Q5.Fees.Nonpublic.xls, filed under seal in USPS-FY13-NP37, for the distributed fee revenues. Also, please see the Excel file ChIR7.Q5.Calculations.Nonpublic.xls, filed under seal in USPS-FY13-NP37, for the underlying calculations.